



# COMMONWEALTH OF VIRGINIA JOINT LEADERSHIP COUNCIL OF VETERANS SERVICE ORGANIZATIONS

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RICHMOND, VA 23219

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Guard Enlisted  
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Virginia National Guard  
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Women Marines Association*

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## **Position Paper 2020-05 Tax Credits for Employers Who Hire National Guard and Reserves**

**OBJECTIVE:** To ensure Individual and corporate income tax credit; employers of National Guard members and self-employed National Guard.

### **BACKGROUND:**

- Provides for taxable years 2019 through 2023 a non-refundable tax credit against individual and corporate income taxes for wages paid by an employer to an employee who is a Virginia National Guard member or Reserves.
- Income of a self-employed National Guard member or Reservist attributable to his business would also qualify for a non-refundable tax credit against individual and corporate income taxes for wages paid for taxable years 2020 through 2024.
- For taxable years beginning on and after January 1, 2020, but before January 1, 2025, a self-employed National Guard member shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 for income attributable to his trade or business during the taxable year.

### **DISCUSSION:**

- The amount of the credit shall be:
  - 25%, if such member was in a military pay status for 65 days or more during such taxable year; or
  - 15% if such member was in a military pay status for 45 days or more during such taxable year.
- The credit should not be allowed if such member was in a military pay status for less than 45 days during such taxable year.
- The taxpayer should be allowed to carry unused credits over for up to five taxable years within the taxable years of 2024 to 2028.
- The amount of the credit claimed shall not exceed the total amount of tax imposed pursuant to § 58.1-320 or 58.1-400 upon the employer for the taxable year.

**RECOMMENDATION:** That the Governor and General Assembly approve Tax credits for employers of National Guard members and self-employed National Guard members.